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TO ALL DIPLOMATIC AND CONSULAR POSTS COLLECTIVE PRIORITY

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FOR ECONOMIC/COMMERCIAL AND AID/EG OFFICERS

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TAGS: [EAID](#) [ECON](#) [EFIN](#) [ETRD](#) [ECIN](#) [EINV](#) [PGOV](#) [UN](#)

SUBJECT: MONTERREY CONSENSUS: BACKGROUND AND 2008 REVIEW  
PROCESS

REF: USUN NEW YORK 001173

11. (U) This is an action request. Please see paragraph 10.

12. (SBU) Summary. The 2002 Monterrey Consensus on Financing for Development (FfD) was a marked accomplishment for the U.S. and other donor countries as it recognizes the importance of a balanced approach to development. It emphasizes the key elements of the President's development agenda, which he elaborated at the FfD Conference in Monterrey: the need for developing countries to promote good governance and implement sound economic policies, and the value of alternatives to aid such as trade, debt instruments, and private sector investment. As the international community undertakes a review of the Monterrey Consensus in 2008, the USG goal is to insure that the whole story, including the numerous development successes, is reflected and to prevent the consensus from being rewritten. Developing countries negotiating as the G-77 block in the UN may try to use the review process to create a new outcome. Washington will look to our overseas Posts for support and encourage economic, commercial, and AID officers to tap their network of host-country contacts involved in FfD issues to shape the debate and urge support for U.S. positions. Washington agencies welcome post reporting on host country views on the FfD review process. End Summary.

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Background on the Monterrey Consensus  
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13. (SBU) The United Nations Conference on Financing for Development (FfD) took place in Monterrey, Mexico in March 12002. Over 50 heads of state and more than 200 ministers from around the world attended. President Bush's attendance and announcement of a "New Development Compact" in advance of the conference demonstrated U.S. commitment to fighting poverty through a new model for development assistance, one based on partnership with countries that govern justly, invest in their peoples, encourage economic freedom, and undertake needed economic reforms. (Note. The terms "Monterrey Consensus" and "FfD" are used interchangeably. End Note.)

14. (U) The Monterrey Conference broke new ground as a UN development conference in which world leaders; representatives of the private sector; civil society; and major international economic, trade, financial, and monetary organizations engaged in serious dialogue to

build a new approach to development work. The discussions emphasized outcomes rather than inputs. The leaders reached broad agreement on the need to increase the volume and effectiveness of all available domestic and international, but particularly private, resources for development.

¶5. (U) The Monterrey Consensus stresses the primary responsibility of countries to advance their own development, coupled with international support for developing countries to:

--Practice good governance and establish sound institutions and market-oriented economic policies;

--Create investment-friendly environments, increase trade, and improve productivity;

--Encourage private enterprise as an important means to generate economic growth and development

--Increase human capacity by improving the health and educational achievements of people;

--Use substantial increases in official development assistance (ODA) effectively;

--Build capacity for trade and to attract investment

¶6. (U) The Monterrey Consensus represented an innovative and practical framework to pursue development that will help sustain growth and eliminate poverty. Poorer countries accepted responsibility for good governance and sound policies. Richer countries agreed to support that endeavor. Countries agreed that ODA is just one of several forms of financing available to developing countries and

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not necessarily the most significant.

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2008 Review of the Monterrey Consensus  
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¶7. (U) In December 2007 the UN General Assembly adopted a process to review the Monterrey Consensus (resolution 62/187). This will conclude with a high-level conference in Doha, Qatar, from November 29-December 2, 2008. It includes a substantive review of progress under each chapter of the Consensus that will take place in a series of experts meetings held in New York through June 2008, as well as other major multilateral development meetings during the year. Member States will then negotiate an outcome document for three months beginning in September ¶2008. Both phases of this process offer opportunities for the U.S. to influence the tone of the global FfD policy debate and the content of the outcome document.

¶8. (SBU) Protecting the integrity of the Monterrey Consensus and advancing its implementation by all development participants is a USG priority. Several USG agencies are actively involved in coordinating policy responses and USG participation in the review meetings. Our strategic approach to the review process is to insure that the whole story, including the numerous development successes, is included in the review and to prevent a G77-skewed approach to the process resulting in a re-writing of the Monterrey Consensus. (Note. The G77 is the UN voting bloc comprised of developing countries which, in the UN context, often takes on an adversarial role towards developed country policies. End Note.) The G77 may try to use the review process to rewrite the FfD Review agreement so that the focus is on increased ODA without reference to the principles of good governance, sound economic policies, or other potential drivers of development.

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U.S. Policy Objectives for the FfD Review  
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19. (SBU) Following are USG objectives for the Monterrey Consensus review process (for internal use only, not to be shared outside of the USG):

--FfD Leadership: Maintain U.S. leadership in the global FfD debate by participating actively in the conference preparation process, and, if appropriate, by sending a senior USG representative to the Doha Conference.

--Total Economic Engagement Approach to Development: Maintain public global support for promoting economic development and poverty alleviation through a combination of harnessing private domestic and foreign capital, participating in the international trading system, and targeted development assistance with measurable results.

--Showcase New U.S. Assistance: Underscore to participants in the FfD review and the broader public that the U.S. has fulfilled its Monterrey commitments, more than doubling ODA between 2002 and 2006.

--Highlight Developing Countries' Role: Protect and advance the balanced approach to financing for development captured in the Monterrey Consensus. This agreement acknowledges a State's primary responsibility for its own development and recognizes that official development assistance is only one of many other equally important and often financially larger sources of financing.

--Fill ODA Gaps through Alliances: Identify concrete steps to assist states that are committed to economic reform and growth but have been unable to tap all sources of development financing identified in the Monterrey Consensus. A special focus is needed to increase opportunities for private capital, private sector led growth, and capacity building support provided by the UN system, international financial institutions, and the WTO. Leverage ODA by promoting public-private partnerships, entrepreneurship, and SME/micro-finance.

--Bring in Emerging Creditors/Donors: Secure agreement by participants in the FfD process on the importance of securing the cooperation of emerging creditors/donors (e.g., China, India, Brazil, South Africa, and others) in appropriate global FfD policy deliberations, and have this agreement reflected in the outcome document. Secure commitment to responsible debt management practices by both creditors and debtors so that official and private

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debt incurred by developing countries is sustainable. Reaffirm importance of international cooperation in sustainable debt policies and shared responsibility of all creditors.

--Promote Aid Effectiveness: Secure agreement by participants in the FfD process on the importance of universal adoption and implementation of the ODA best practices embodied in the Paris Declaration on Aid Effectiveness (host country ownership, ODA alignment with host country development priorities, harmonization of ODA from different donors, managing for results, and mutual accountability). Reflect this agreement in the outcome document.

--Appropriate Follow-up: Secure agreement by participants in the FfD process on an appropriate role for the UN in the follow-up to the Monterrey Consensus that preserves the independence of non-UN forums.

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## Embassy Role in the FfD Review Process

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¶10. (SBU) Embassy involvement is critical to achieving the objectives outlined above. Washington will rely on our Missions, as USG experts on the ground, to engage with host-country stakeholders, incorporating FfD into conversations with your host-country contacts and reporting on host country involvement, interest, and goals in the FfD process. Washington is also interested in identifying the main FfD policy drivers in capitals. In discussions with host-country officials, Washington requests officers to relay USG strong support and involvement in the FfD review process and our commitment to working with developing countries as partners toward a successful outcome.

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## The Consensus and Resolution Text

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¶11. (U) The full text of the 2002 Monterrey Consensus on Financing for Development can be found at <http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf>. The full text of the UNGA 62 resolution (62/187) outlining the modalities of the 2008 review process can be found at:  
<http://daccessdds.un.org/doc/UNDOC/LTD/N07/63 0/06/PDF/N0763 006.PDF?OPENELEMENT>>  
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